

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03

H-01 INR-05 L-02 NSAE-00 NSC-05 PA-01 RSC-01 PRS-01

SP-02 SS-15 EA-06 COME-00 AID-05 CIEP-01 TRSE-00

STR-01 OMB-01 CEA-01 GSA-01 INT-05 NSCE-00 SSO-00

USIE-00 INRE-00 /083 W

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O R 222000Z NOV 74

FM AMCONSUL PARAMARIBO

TO SECSTATE WASHDC IMMEDIATE 1853

INFO AMEMBASSY THE HAGUE IMMEDIATE

AMEMBASSY GEORGETOWN IMMEDIATE

AMEMBASSY SANTO DOMINGO IMMEDIATE

AMEMBASSY CANBERRA IMMEDIATE

AMEMBASSY KINGSTON IMMEDIATE

AMEMBASSY PORT OF SPAIN

AMEMBASSY PORT AU PRINCE

AMCONSUL CURACAO

AMCONSUL MARTINIQUE

C O N F I D E N T I A L PARAMARIBO 556

E.O. 11652: GDS

TAGS: EMIN, EIND, EFIN, NS

SUBJECT: SURINAM AND ALCOA REACH AGREEMENT ON REVENUES

REF: A. PARAMARIBO 545 (NOTAL) B. PARAMARIBO 535 (NOTAL)

C. PARAMARIBO 465 (NOTAL)

1. GOS AND ALCOA/SURALCO HAVE REACHED AGREEMENT ON NEW REVENUE ARRANGEMENTS FOLLOWING RENEWED BARGAINING FOLLOWING RECESS EARLIER THIS WEEK. MINPRES ARRON, MINDEVELOPMENT CAMBRIDGE, AND ALCOA VICE PRES YATES, SURALCO MANAGER BUSTION SIGNED LETTER OF INTENT THIS MORNING WHICH WILL BE ELABORATED AS FORMAL AGREEMENT IN FEW WEEKS.

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WM SETTLEMENT, UNDER JAMAICAN FIGURE, CALLS FOR DOLS 9.77 PER TON PRODUCTION LEVY BASED ON 6 PER CENT OF 35 CENTS REALIZED PRICE PER POUND OF ALUMINUM. RETROACTIVE TO JAN. 1, 1974, AGREEMENT WILL SWELL SURINAM BAUXITE REVENUES THIS YEAR BY ESTIMATED SF 45 MILLION, PAYABLE 15 DAYS AFTER FORMAL ACCORD SIGNED.

3. REALIZED PRICE IS GUARANTEED FIGURE UNDER WHICH 6 PER CENT COMPUTATION CANNOT SLIP. REVENUES TO INCREASE SHOULD REALIZED PRICE GO UP.

4. CONTRACT VALID THROUGH 1975, TO BE REVIEWED NINETY DAYS BEFORE EXPIRATION.

5. ALTHOUGH GOS ARGUED HARD FOR GUARANTEED PRODUCTION LEVELS, ALCOA WOULD NOT AGREE AND GOS TRADED OFF FOR RETROACTIVITY CLAUSE. OTHER AGREED POINT FOR DISCUSSION, PRICING, NEVER AROSE AFTER FIRST TABLING.

6. NEW ARRANGEMENT LEFT BASIC BROKOPONDO WORKING AGREEMENT BETWEEN TWO SIDES INTACT, TOGETHER WITH ITS INTRICATE PROVISIONS FOR TAXATION, MUCH TO COMPANY'S COMFORT.

7. GOS ACCEPTANCE OF FIGURE WELL UNDER JAMAICAN REVENUE AGREEMENT OWES MUCH TO ALCOA'S SUCCESS IN CONVINCING SURINAM NEGOTIATORS THAT HIGHER MINING COSTS HERE AND HIGHER SHIPPING COSTS TO CONSUMERS ARE VALID OFFSETS.

8. MINPRES ARRON NEARLY EUPHORIC OVER FAST SETTLEMENT, PRAISED COMPANY LAVISHLY FOR SOCIAL CONSCIENCE AND HIGH SENSE OF RESPONSIBILITY FOR WELL-BEING OF SURINAM. HE DECLARED EXTRA REVENUE TO BE CHANELLED INTO DEVELOPMENT PROJECTS. JOINT GOS-SURALCO ANNOUNCEMENT NOTED AGREEMENT A POSITIVE SIGN FOR FOREIGN INVESTMENT. PRESS FRONT-PAGED "VICTORY" FOR SURINAM.

9. COMMENT: QUICK, RELATIVELY PAIN-FREE AGREEMENT REACHED IN UNDER FIVE DAYS OF TALKS. FRIENDLY ATMOSPHERE ESTABLISHED AT BEGINNING PREVAILED THROUGHOUT. WE ARE GRATIFIED EARLY ASSURANCES THAT GOS WOULD TAKE REASONABLE, MODERATE APPROACH  
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(REFS A AND C) HAVE BEEN BORNE OUT BY RESULT AND BELIEVE THAT PLEASURE BOTH SIDES HAVE EXPRESSED IN SETTLEMENT BOUND TO FIND FAVORABLE REFLECTION IN U.S.-SURINAM RELATIONS.

10. RAPID AGREEMENT WAS FRUSTRATION FOR FAR-LEFTISTS AND ULTRA-NATIONALISTS, WHOSE EFFORTS PROVOKE POPULAR "DEMANDS" FOR MAXIMUM CONCESSIONS FROM "IMPERIALIST" COMPANY DIDN'T HAVE TIME GET OFF THE GROUND. THESE ELEMENTS, HOWEVER, CAN BE

EXPECTED TO SNIPE AT AGREEMENT DURING COMING MONTHS.

11. TIME WILL TELL WHETHER GOS DEVELOPS NIGGLING FEELING THAT PERHAPS LONGER TALKS WOULD HAVE LED TO MORE REVENUE, PROMISES OF PROCESSING EXPANSION. WE FEEL IT WAS A GOOD SETTLEMENT FOR GOS, ONE IN WHICH NO ONE LOST FACE AND WHICH CAN BE DEFENDED WITH IBA PARTNERS. MOREOVER, GOS COULD NOT REALLY AFFORD MUCH DELAY: IT IS LOW ON CASH, WITH A LARGE GOVT. PAYROLL TO MEET, AND IT HAD TO CLEAR THE DECKS FOR A MOUNTAIN OF PRE-INDEPENDENCE WORK.  
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## Message Attributes

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**Concepts:** ALUMINUM, PRESS COMMENTS, BAUXITE, NEGOTIATIONS, MEETINGS  
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**Disposition Date:** 28 MAY 2004  
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